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UNITED NATIONS DOCUMENTS
General Assembly--49th Session
Plenary Meetings

1994

A/49/219/Add.1

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/219
4 August 1994

ORIGINAL: ENGLISH

Forty-ninth session
Item 108 of the provisional agenda*

REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Joint Inspection Unit entitled "Towards a new system of performance appraisal in the United Nations Secretariat: requirements for successful implementation" (JIU/REP/94/5).

* A/49/150.

94-27857 (E) 290894 01/09/94

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JIU/REP/94/5
June 1994

Annex

TOWARD A NEW SYSTEM OF PERFORMANCE APPRAISAL IN THE UNITED NATIONS SECRETARIAT: REQUIREMENTS FOR SUCCESSFUL IMPLEMENTATION

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Acronyms

ACC	Administrative Committee on Co-ordination
CCAQ	Consultative Committee on Administrative Questions
CPC	Committee for Programme and Coordination
DAM	Department of Administration and Management
ICSC	International Civil Service Commission
IMIS	Integrated Information Management System
JIU	Joint Inspection Unit
OHRM	Office of Human Resources Management
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WMO	World Meteorological Organization

EXECUTIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In December 1993 the General Assembly, in its resolution 48/218, called very decisively for the "establishment of a transparent and effective system of accountability and responsibility no later than 1 January 1995." It further specified that this system should include "performance evaluation for all officials".

The United Nations has attempted to evaluate/appraise the performance of its staff for many years, but staff, the administration, and in recent years the General Assembly have expressed strong dissatisfaction with the process. The Joint Inspection Unit decided to investigate this situation in response to a request from the United Nations Secretariat, concerns expressed by Member States at the General Assembly in late 1993, and as part of the Unit's continuing work on issues of accountability and oversight in the Secretariat and in the United Nations system.

The objective of this report is to highlight key problems and lessons learned from past experience, and to identify actions required to help ensure that the new Secretariat performance appraisal system will finally provide the effective system that the United Nations very much needs.

Performance appraisal is complex and difficult, but during the last decade many organizations have gained hard-earned experience about what works and what does not, and have made considerable progress in establishing and using performance-based systems. The United Nations Secretariat, however, has not participated in this process.

The Inspector found five different attempts to create a sound performance evaluation system in the Secretariat during the past 17 years. In spite of some improvements made to the system, however, they all failed because the Secretariat was unable to successfully implement them. Much time and effort have been expended on performance evaluation paperwork. Unfortunately, the system provides only the illusion of performance evaluation, as bluntly recognized by many of the people involved over the years.

Past and present performance evaluation efforts of the Secretariat fail because they subjectively measure the characteristics and traits of staff, rather than their actual performance and work accomplished. The system as presently implemented not only gives vague ratings, but also "excellent" or "very good" ratings to almost all staff. This makes the system meaningless for promotion, placement, and other career development purposes. Staff move through their careers with occasional promotions and steady salary step increases for longevity, unaffected by the work they actually do.

This system is dysfunctional. It provides no reward or recognition for excellent performance, and no sanctions or corrective actions for ineffective, mediocre or apathetic staff.

The most recent substantive attempt to change the Secretariat performance evaluation system occurred a decade ago. It has taken steadily increasing pressure from the General Assembly, beginning in 1986 and culminating in the January 1995 deadline above, to force a new system. The Secretariat is now in the process of preparing, for a sixth time, to test and install it.

There is currently great pressure on all international organizations, and indeed all public organizations,to perform effectively and use their scarce resources well. The General Assembly, the Secretary-General, and recent JIU and other reports have emphasized repeatedly since 1992 that the United Nations must urgently replace its old bureaucratic routines with a much more dynamic and responsive organizational culture. This is particularly true at a time when the Organization is called on to perform many more large-scale,life-and-death tasks worldwide at a time of tumultuous political,economic and social change.

The Inspector believes that organizations, like people, must strive to learn from their mistakes. Sound and transparent performance appraisal and performance management are central elements in establishing a more effective United Nations and bolstering the organization's credibility. Having failed to effectively implement such a system in the past, the Secretariat must now demonstrate convincingly that, this time, it can establish and apply accountability and high-quality performance as day-to-day operational priorities throughout the entire Organization.

The new performance appraisal system is all the more important as (a) a central component of the new system of accountability and responsibility, (b) to change the basic nature of supervisor-staff relationships, and (c) above all to make a fundamental change in the organizational climate throughout the United Nations Secretariat. Under the old performance evaluation system, good or bad performance simply had no consequences. Now, performance, results, and fulfillment of programme mandates and objectives must become the central elements of the work of staff at all levels.

RECOMMENDATION 1. To establish and continually enhance the new performance appraisal system, the Secretary-General and the General Assembly should monitor the development and implementation of the new system very carefully, particularly in its initial stages (paragraphs 89-91, 135-136). They should also see that the system incorporates the following requirements for success.

RECOMMENDATION 2. To provide the full commitment which such a major change in organizational culture requires, the Secretary-General should:

(a) take determined actions to install, implement, and steadily improve the broad new system of accountability and responsibility, which is essential to support proper functioning of the new performance appraisal system (paras. 79-89):

(b) ensure highly visible, and continuous, top management commitment and support for the new performance appraisal system, particularly to overcome the poor record of, and understandably negative staff attitudes toward, past performance evaluation efforts (paras. 92-94);

(c) establish clear guidance and roles for all managers/supervisors throughout the Secretariat, as well as special training, to enable them to effectively carry out their critical new responsibilities for work planning, continuous dialogue with staff, a results-oriented culture, and management of both the human and the financial resources entrusted to them (paras. 95-102).

RECOMMENDATION 3. To properly implement the key technical elements of the new performance appraisal system throughout the Secretariat, the Secretary-General should:

(a) give high priority to the difficult but essential task of establishing an integrated system linking mandates, objectives, strategies, work programmes, and individual staff performance agreements and standards, as a basis for both sound staff performance appraisal and more effective overall programme performance - a mission statement by the Secretary-General is necessary (paras. 103-111);

(b) ensure objective, transparent, distinct and fair ratings, with special attention to probationary staff, make the new performance appraisal reports the key input to placement and promotion decisions, and respond to the General Assembly's call for firm sanctions for poor performers (paras. 112-123);

(c) establish a formal, fulltime unit to properly carry out the high-priority, large-scale management project which the performance appraisal system certainly represents, and to perform performance management tasks and system improvement in the future, including annual reporting to the General Assembly as earlier requested but not implemented (paras. 124-136).

RECOMMENDATION 4. In order to permit proper introduction of the new performance appraisal system in an organizational climate which presently is clearly not prepared for it, the General Assembly and the Secretary-General should consider:

(a) revising and expanding staff training plans for the new system to ensure that all Secretariat staff understand and are prepared for the new system, rather than continuing the present rush to complete training by December 1994 without adequate resources (paras. 137-141);

(b) based on the hard-earned experience of other organizations and recognizing the drastic change which the new system represents in the United Nations organizational culture, making 1995 a transitional year for introduction of the new system, so that it can be established as firmly as possible, particularly since it requires support from other accountability and responsibility elements not yet in place (paras. 142-147);

(c) providing the additional financial resources which the new system requires, which could come from delaying staff salary increments temporarily for redeployment to the above urgent training purposes, and in future providing such increments (and freeing up future management training funds and/or realizing cost savings) only under the performance-based rationale for which they were originally established (paras. 148-158).

"Hiring is the most important decision made by the manager of professional activities, firing and disciplining are the most painful, but performance evaluation may be the most difficult." [1]

I. INTRODUCTION

1. In December 1993 the General Assembly laid out unusually explicit marching orders for the Secretariat. In a resolution following its review of the administration and financial functioning of the United Nations, and in a section entitled "Improvement of the management of the United Nations", it stated that it

> "4. Endorses the recommendations of the Committee for Programme and Coordination on the establishment of a transparent and effective system of accountability and responsibility no later than 1 January 1995, as contained in paragraphs 243 to 245 of its report;
>
> 5. Requests the Secretary-General to include in the system of accountability and responsibility the following elements, taking into account relevant experiences within and outside the United Nations system;
>
> (a) The establishment of clear responsibility for programme delivery, including performance indicators as a measure of quality control;
>
> (b) A mechanism ensuring that programme managers are accountable for the effective management of the personnel and financial resources allocated to them;
>
> (c) Performance evaluation for all officials, including senior officials, with objectives and performance indicators;
>
> (d) Effective training of staff in financial and management responsibilities;
>
> 6. Requests the Secretary-General to submit a report on the establishment of the system to the General Assembly at its forty-ninth session through the Committee for Programme and Coordination and the Advisory Committee on Administrative and Budgetary Questions."[2]

2. The Joint Inspection Unit has long been concerned with United Nations performance and accountability, particularly in its many reports on internal evaluation systems and reporting.[3] Most recently, it issued a report on accountability and oversight in the Secretariat in September 1993[4] (cited in the above resolution and still before the General Assembly). In addition, the Unit is currently completing a report on accountability and

oversight throughout the United Nations system. The 1994 JIU work programme also includes a report now issued on human resources management, accountability and women's advancement in the United Nations Secretariat.[5] Two other JIU reviews currently underway concern United Nations recruitment, promotion and placement procedures, and staff-management relations in the United Nations system.

3. The Inspector undertook this study (a) because performance evaluation is such an important component of an overall accountability and responsibility system in the Secretariat, (b) following a request for such a review from the United Nations Secretariat, and (c) because some Member State delegations expressed serious concern about the status and adequacy of Secretariat performance evaluation processes at the General Assembly in late 1993.

4. The objective of this study, particularly in light of relevant and positive experience elsewhere in the United Nations system, is to first examine past experience with performance evaluation in the Secretariat. The Inspector then highlights actions needed to ensure that, this time, the new system will be implemented in such a way as to ensure the effective and fully functioning system of performance evaluation that the United Nations very much needs.

5. The Inspector reviewed documentation available on past, present, and proposed Secretariat performance evaluation processes. He examined many articles and reports on performance appraisal issues, problems, and experience from sources inside and outside the United Nations system. He discussed the subject with Secretariat and other officials, with staff and staff representatives, and with cognizant officials in interagency secretariats, other United Nations organizations and other organizations of the United Nations system. He also made a detailed investigation of more than 100 Secretariat staff files in Geneva to assess patterns and problems of the existing performance evaluation system. He wishes to thank all those who contributed their ideas and expertise.

II. PERFORMANCE APPRAISAL IN THE UNITED NATIONS SYSTEM

6. Efforts to adopt a new performance appraisal system in the United Nations Secretariat have the benefit of occurring amid considerable, hard-earned experience already gained throughout the United Nations system. This Chapter summarizes three important sources of knowledge for the new Secretariat system.

A. International Civil Service Commission

7. The International Civil Service Commission (ICSC) observed in a recent report that:

> "There is perhaps no other area of human resources management on which more has been written and said than that of performance management, i.e., the related issues of how to evaluate/measure a staff member's performance accurately and objectively, and how to use that information to enhance individual and organizational performance." [6]

8. The ICSC should know. It has been preparing status reports and analyses of this topic in the United Nations system for the last fifteen years. These reports have included a first comprehensive study on performance appraisal techniques in the system and the development of initial principles in 1980. (The General Assembly refers to "performance evaluation", while the Secretariat is calling the new process the "performance appraisal" system. The Inspector uses these terms interchangeably in this report, and within the broader context of "performance management" as defined by the ICSC above .)

9. The ICSC conducted further studies of performance appraisal policies, forms, and related issues. In 1987 it issued a fuller statement of principles and associated guidelines for performance appraisal. It has subsequently explored the enhancement of motivation and productivity, and the linkage of performance appraisal with recognition of merit. [7]

10. Perhaps the most useful ICSC report was issued in March 1993. It is must reading for anyone who wants to understand the complexity of performance appraisal issues, systems, and problems within the United Nations system. The report summarized the current situation in the organizations of the system, in light of the eleven principles and guidelines it had established in 1987.[8] (In addition, the ICSC provided information on performance appraisal practices of other international public organizations, national civil services, and systems and trends in the private sector).[9]

11. The ICSC then analyzed recurrent problems related to performance management, together with conclusions and a recommended timetable for future action. In this latter section, the ICSC also identified, and discussed some ways of dealing with, certain recurrent problems:

> Issue No. 1: How to take the pressure off performance appraisal: build support systems (i.e., integrated overall management framework and linkage with other components: career development and planning; recruitment; training; placement, etc.);

Issue No. 2: How to get the performance appraisal exercise to be taken more seriously by managers (by including it in managers' work plans and by evaluating their performance as managers);

Issue No. 3: Distinguishing more effectively among different levels of performance (which is the Achilles heel of many systems - therefore implement group ratings for consistency);

Issue No. 4: Providing more meaningful consequences for different levels of performance: equity vs. differentiation (pay-for-performance or merit-based pay system; super performance to be rewarded and unsatisfactory performance to be identified and treated). [10]

12. A further important ICSC report in June 1993 restated the 1987 list of principles, based on the above analysis and in order to emphasize properly functioning systems, focus on problems of their application, and reflect emerging trends in a rapidly evolving field. The major new elements introduced are:

"(a) stronger focus on the importance of a performance related management environment in which senior management sets the tone in reinforcing the credibility of performance appraisal and management;

(b) greater emphasis on the need for full transparency and understanding of the system at all levels;

(c) stronger insistence on the need for objective and rigorous appraisal of performance at all levels;

(d) introduction of the concept of competencies (i.e., generic standards of knowledge, skills and abilities applicable to job groups) as a complement to task-based performance appraisal schemes." [11]

13. The Inspector wishes to add one more ICSC citation, the restated principles for performance appraisal, as presented in May 1994, as the most succinct way to identify the key issues involved in successful performance appraisal:

"Principles relating to performance appraisal objectives

Principle 1. Performance appraisal is a management tool but it is not a substitute for good management.

Principle 2. The objectives that the organization has for performance appraisal should be formulated before a system is selected or developed: the processes and procedures employed should be consistent with these purposes.

Principle 3. The purposes of performance appraisal should be clearly understood by all concerned.

Principle 4. Performance management and appraisal must be important and meaningful to managers and supervisors.

Principle 5. To the extent possible, objective, performance-based work tasks important to the efficient and effective operation of the organization should provide the basis for the appraisals. These should, where feasible, be supported by the development of competencies applicable to the job group in which the staff member works.

Principles relating to performance appraisal procedures

Principle 6. Consistent with the purposes to be served, the performance appraisal process should be as simple as possible.

Principle 7. The standards of performance and priorities for each duty or task should be established by the supervisor and communicated to the staff member at the beginning of the appraisal period.

Principle 8. The performance appraisal system should be structured to provide clear communication between staff and supervisors about expected and actual performance.

Principle 9. Performance ratings must be applied objectively and accurately.

Principle 10. To the extent possible, the timing of the appraisal should be consistent with the purpose for which it has been designed.

Principle 11. There should be an automatic process for review and approval of performance ratings but performance ratings *per se* should not normally be rebuttable or subject to grievances. At the same time, it is important to ensure that the staff member's right to due process is protected in cases of alleged discrimination or non-compliance with established procedures.

Principle 12. There must be consequences for different levels of performance that are known to both supervisors and staff." [12]

14. The Inspector returns to many of these important points in Chapter V of this report, in which he considers the requirements for successful implementation of the new Secretariat performance appraisal system. The ICSC was discussing performance management issues further, at its fortieth session in June-July 1994, at the time this report was being finalized.[13]

B. Consultative Committee on Administrative Questions

15. The Consultative Committee on Administrative Questions (Personnel and General Administrative Questions) (CCAQ) of the Administrative Committee on Co-ordination (ACC) has been considering performance evaluation issues almost as long as ICSC. Much of their work has been closely interrelated, although reflecting their different roles (CCAQ is composed of representatives of system organizations, while ICSC is an independent technical body with system-wide responsibilities). For instance, CCAQ first formed a working party on performance appraisal in 1981 to review an ICSC paper and develop a position of the organizations for further discussion.[14]

16. CCAQ work has continued since, particularly in discussions of training for performance appraisal. During the summer of 1993, CCAQ launched a new initiative which was discussed in ACC and with the ICSC in late 1993 and early 1994. The initiative and

strategy is intended "to improve effectiveness and accountability" in the United Nations system, to strengthen the managerial competence of the organizations, and to emphasize that

> "the core element in all the proposals is that of instituting a performance management culture."[15]

17. The CCAQ observed that experience in Member States had clearly shown that management competencies were central to a rigorous system of performance review for managers, in conjunction with performance of work and tasks. The principles that it found pertinent to evaluation of performance of managers throughout the system were:

(a) rigorous performance appraisal of managers, as the critical element of performance management, including an effective performance-related pay system;

(b) commitment of the highest management levels to instituting such performance appraisal systems;

(c) managerial performance based on pre-determined, results/output oriented goals and required managerial competencies; and

(d) decisions on performance-related pay, contractual status, promotion, and training and development based upon performance appraisal.

18. The CCAQ is suggesting that five levels of performance be assessed. To avoid "political" or other inconsistencies in ratings, CCAQ also suggested new approaches to best ensure objectivity and transparency in performance appraisal, singly or in combination: self-appraisal, peer review, supervisor review, review by subordinates for certain supervisory competencies, and/or review by a performance review board or committee.[16]

19. The CCAQ proposals were discussed at its eightieth session, (which included a performance management symposium and several background papers[17]) and outlined to ICSC in February-March 1994, and were under continuing discussion in June 1994.

C. System organizations

20. The March 1993 status report of ICSC, already discussed above, contains considerable information on actions that organizations throughout the United Nations system have been taking to upgrade and improve their performance evaluation processes. The ICSC stresses not only the complexity but the diversity of the approaches being utilized.

21. The ICSC did conclude that while the organizations' performance appraisal schemes were on the whole sound, problems occur at many points in their application, which might tempt a retreat into inaction. But the ICSC observed that review and appraisal of systems is an essential and ongoing process. It therefore discussed ways of dealing with recurrent problems, as outlined in section A. above.

22. The ICSC report found that most performance appraisal schemes in the United Nations system are now "task/performance based", in contrast to organizations such as the

United Nations Secretariat that are using more "personality trait/professional conduct-type" systems. The report noted that many organizations are reviewing and revising their systems, and that experience is mixed. It appeared that, both inside the United Nations system and outside, and in the public and private sector, organizations are moving toward a hybrid approach, featuring established work plans and agreed objectives (the "objective-setting approach), but also including the notion of "competencies" (i.e., qualities that enhance effective performance). [18]

23. The Inspector held informal discussions with ten organizations of the system in Europe and New York, which confirmed that the above pattern continues among the agencies: problems, initiatives, and adjustments in an ongoing and evolving process to improve their performance appraisal systems. As the ICSC found, there presently seems to be considerable effort among most of the organizations to enhance these systems.

24. The Inspector was particularly struck by the progress made over the past half-dozen years by three United Nations programmes and funds located in New York: the United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), and the United Nations Population Fund (UNFPA). Each has made a major effort to restructure and give high and continuing priority to improvement of its performance evaluation system, to emphasize performance and results in individual evaluations, and to thoroughly train staff and supervisors to use the system.

25. These three organizations, as parts of the United Nations, with their headquarters all in New York, and with worldwide operations, have important common features with the United Nations Secretariat. Particularly since they have all made recent efforts to reform and then reassess and further improve their systems, the United Nations Secretariat might learn much from their experiences.

26. UNICEF has sought a suitable performance evaluation system since the 1970s, and established a Task Force to develop and test a new performance appraisal system (PAS) which was introduced in 1989. This system places particular emphasis on linkage with overall UNICEF management and work planning and with organizational performance, and on continuing participatory and professional dialogue; staff and management training; and on succinct descriptions of staff achievements.[19] UNICEF has been making a major assessment of its system to improve its functioning.

27. UNDP also designed a new Performance Appraisal Review (PAR) in 1987, pilot tested it in 1989, and introduced it UNDP-wide in 1990 and 1991. An extensive evaluation of the PAR was made by a joint Staff/Management Task Force in 1992, which noted that it was "probably the biggest change ever made in UNDP's staff/supervisor relations." The Administrator of UNDP reported to staff in July 1993 on decisions taken on the evaluation, which recommended strengthening in two major areas: management accountability within the Human Resources Strategy of UNDP, and several design changes. The Administrator stressed that the PAR system continues to be very important for the optimal management of UNDP's human resources, and revised PAR guidelines are now being prepared.[20]

28. In 1988, UNFPA had commissioned McKinsey and Co. to undertake an organizational review: an outcome of the review included the recommendation for a new staff performance evaluation system. In 1991, UNFPA implemented the Performance Appraisal Review (PAR) system. Like UNDP's PAR process, UNFPA's system requires annual evaluation of performance of all staff members including senior managers. It

emphasizes strengthening the dialogue between the supervisor and staff member and assuring consistent standards on an organizational basis through a Management Review process; it also serves as the main channel for organizing the work of the Fund for carrying out its mandate. The overall experience in UNFPA has been generally positive, a view supported by a Staff Council Working Group review of the PAR process in June 1992. Notwithstanding this, some minor adjustments to the evaluation format were made in 1993 and more training has been provided which in turn should lead to improvements to the system and its process.

29. In the World Meteorological Organization (WMO), which is one of the smallest organizations in the United Nations system, with 360 professional and general service staff, a performance appraisal report system which follows the ICSC guidelines is in its second year of implementation. A staff/management committee looked into all aspects of the system and decided to introduce it within the context of the Organization. It covers all staff from Directors on down. WMO gave special consideration to training of supervisors/managers in the application of the system. WMO continues to monitor the implementation and evaluate the impact of the system, and there is a shared opinion that it is working and is being implemented within a supportive organizational management culture.

III. SECRETARIAT EXPERIENCE

30. While the rest of the United Nations system has been moving ahead during the past decade to enhance performance evaluation systems, the United Nations Secretariat has been caught in a time warp. The following sections briefly summarize the past efforts at system creation, the problems of the Secretariat system which has been in effect for the last decade, and pressures from the General Assembly since 1986 for reform of the system.

A. Past efforts

31. Information on past performance evaluation systems in the Secretariat is most succinctly derived from information reports by personnel officials in Secretariat staff publications, which have kept a watchful eye on the topic. The record shows a consistent recognition of problems, but continuing unsuccessful attempts to establish an effective system.

32. United Nations Staff Rule 112.6 on "Service and conduct reports" states that:

> "In the salary levels below the Director (D-2) level, the service and conduct of a staff member shall be the subject of reports made from time to time by his superiors. Such reports, which shall be shown to the staff member, shall form a part of his or her permanent cumulative record."

33. In 1956 the Office of Personnel observed that it had been made aware that "not all staff members are aware of the procedure governing periodic reports on their performance." Revised instructions were issued that called for evaluations every two years for staff on regular or permanent appointments, plus interim reports when staff transferred to a new assignment, supervisors departed, or when disciplinary action or a withholding of within-grade increases was involved. The forms (different for different types of staff) added a series of check-boxes relating to various aspects of staff performance, and required that the staff member see the report after completion (and could rebut all or part of it for investigation by the head of the Department).[21]

34. In 1977, more than twenty years later, the Office of Personnel Services reported that the 1956 system "had been the subject of considerable criticism from the staff, supervisors and the Administration". An interdepartmental task force and Joint Advisory Committee working group reviewed many other systems and held widespread consultations to develop a new system of performance evaluation.

35. The new system provided a single rating form for all staff, required the first supervisor to add a narrative to his rating, allowed the staff member (not the supervisor, as previously) to describe the work done, and eliminated several particularly subjective evaluation items, such as "judgement" (but added others, such as "ability to work independently" and "ability to negotiate or persuade"). It also added a more elaborate system of rebuttal by panel, and instituted a dialogue between the staff member and the first supervisor.

36. Personnel officials felt that the new system would make the system more efficient and fair, permit more precise and objective performance assessment, and provide an improved basis for career development. They also hoped that it would ensure participation of the staff member in the review procedure, and would make superficial or inaccurate reporting more difficult.[22]

37. Unfortunately, two years later sharp criticisms were made by knowledgeable personnel officials. They observed that, under this new system, "...the percentage of outstanding and very good performance had increased from 92 to 94 per cent", and stated that such statistics "completely discredit the performance appraisal system in the UN and render it quite meaningless and totally unreliable", to the pleasure of mediocre staff and the detriment of truly outstanding staff.[23]

38. In July 1983 the system was changed again, in consultation with staff, to simplify the form and modify procedures, while:

> "ensuring a fair, consistent and objective assessment of the staff member's performance and abilities, and fostering continuing and constructive dialogue on work performance between the staff member and the supervisors...".[24]

39. The revised instructions emphasized the importance of an ongoing dialogue to allow the performance evaluation system to serve as the basis for a comprehensive career development system. They extended the reporting period to three years for staff on permanent, regular, or indefinite appointments and added new time periods for fixed-term staff (every three years or on contract renewal) and probationary staff (annually and on completion of the probationary period). A new reporting form was introduced, the importance of the reporting officer's role was emphasized, and the rebuttal procedure was made more elaborate. The Office of Personnel Services was to monitor the system and ensure that it was applied effectively, and to determine whether any changes or improvements were required.[25]

40. In September 1983, however, an interoffice memorandum from the head of Personnel Services to department heads on a possible career development system noted that there had been no thorough study of the effectiveness (or lack thereof) of the current performance evaluation system, although it was the basis for important administrative decisions on contract renewal, promotion, placement, termination, and within-grade salary increases. The paper did note that most staff found the system unsatisfactory because:

(a) many supervisors did not maintain a dialogue, but only held a discussion just prior to preparing the periodic report - a surprise to staff;

(b) rating was largely left to supervisors' discretion with variance dependent on the strictness with which the supervisor gave ratings;

(c) filling out the form was time consuming, and rebuttals even more so, thus leading supervisors to give good ratings even where they might be unjustified;

(d) since ratings were generally inflated (the 1978 figure of 94.4 per cent of staff rated either very good or outstanding was again mentioned), the performance report was not a reliable tool;

(e) there was no monitoring system or training programme to ensure that supervisors rated their subordinates objectively and fairly;

(f) performance evaluations might not appear to be tied to rewards or punishments, so that good performers might become discouraged while bad performers would not be deterred from undesirable behaviour.

41. The working paper called for more frequent evaluations, actions to encourage ongoing dialogue, better assessment of staff performance and strengths and weaknesses, more active monitoring of performance evaluations by personnel officers to ensure objectivity and conformity with established standards and procedures, and a clear link between performance and reward or punishment.[26]

42. Despite the above sharp criticisms, a revision to the performance evaluation report system in 1984 on the recommendation of the Staff-Management Coordination Committee made only minor revisions. It merely consolidated the provisions of the system, and clarified the provisions concerning the establishment of a rebuttal panel.[27] The performance evaluation system established in 1983-1984 remains in effect today, because no further revisions were made until the current reform work began in 1993. There were, however, two more abortive attempts to rectify the situation. The first is discussed here. The second, in response to General Assembly pressure, is discussed in Section C. below.

43. In July 1987 a Working Group on a new performance evaluation report system criticized the present system for its "lack of consistency and objectivity" as well as its drawn-out and "controversial" rebuttal procedure. The Group stated that the following objectives were "imperative" for the new system:

(a) to provide supervisors with an incentive for more "accurate, responsible and consistent evaluations";

(b) to have the evaluation report be a standard of comparison between staff members;

(c) to improve communication between supervisors and staff members;

(d) to rationalize grievance procedures; and

(e) to systematically train supervisors.[28]

44. In September 1987 the head of what had been retitled the Office of Human Resources Management (OHRM) stated that the Secretariat was seeking to move toward an "improved dynamic system, under which staff mobility and performance were the criteria for career development and promotion". He stated that:

> "it has been generally agreed that the current performance evaluation system in the United Nations leaves much to be desired in terms of accuracy, objectivity, fairness, and format....As a result, a new evaluation system is being developed...".[29]

45. The proposed new system was presented to a meeting of the Staff-Management Coordination Committee in November 1987, with a new emphasis on evaluating staff

members' substantive work performance rather than their general characteristics. However, the proposal also called for replacing the cumbersome rebuttal system with a more informal, non-adversarial and more effective mechanism. Since the idea of an "ombudsman" was under discussion but still uncertain (and was subsequently abandoned), the administration suggested postponing performance evaluation system reform to a later date.

46. Staff representatives endorsed the suggestion to defer discussion at that point. They did note, however, that in certain duty stations a "shockingly large number of staff" had not received reports in almost ten years, and in many other duty stations, contrary to instructions, supervisors submitted reports long after they had either retired or had been transferred.[30]

B. The present system

47. The present performance evaluation system, forms, and processes have thus been in effect ever since 1984. The form in use is shown in the Annex to this report. As indicated, the staff member, at least in theory, briefly describes his or her "assignments accomplished" and any training undertaken, and the first reporting officer (supervisor) describes their dialogue during the period, with each having the opportunity to comment on what the other has said.

48. The first reporting officer then rates the staff member in 14 areas, with indications of the relative importance of each area. The officer assigns one of six rating levels (excellent, very good, good, fair, somewhat below standard, and unsatisfactory) for each area, and has space to make brief comments on each, plus some general comments. The second reporting officer then assigns an overall rating (one of the above six levels), comments on an excellent or unsatisfactory rating if given and on any disagreement with the first reporting officer, and then passes the report to the head of the department or office or their designee for signature. The staff member signs the completed form, and may initiate a rebuttal proceeding if he or she wishes to do so.

49. To test this much-maligned system, the Inspector reviewed a random sample of one hundred completed performance reports (including 61 professional staff and D-1s, and 39 General Service staff) from the personnel files at the United Nations Office at Geneva (UNOG). The results show that the fundamental weaknesses that have characterized the system in the past are still very much present.

50. For the 100 cases, the first reporting officers gave the following ratings:

Excellent	-	64 per cent
Very Good	-	34 per cent
Good	-	2 per cent
Fair	-	0 per cent
Somewhat below standard	-	0 per cent
Unsatisfactory	-	0 per cent

51. The second reporting officers were also quite generous, although slightly more restrained. They gave the following ratings:

Excellent	-	53 per cent
Very good	-	44 per cent
Good	-	3 per cent
Fair	-	0 per cent
Somewhat below standard	-	0 per cent
Unsatisfactory	-	0 per cent

52. Although supervisors complain of problem staff, no reporting officer gave any rating of less than good. These ratings confirm the findings of the late 1970s and early 1980s that almost all staff (more than 90 per cent) get ratings in the top two categories: the first reporting officers in the JIU sample went even further, giving 98 per cent excellent or very good ratings, while the second officers gave 97 per cent. These inflated ratings confirm that the ratings are largely meaningless in terms of accurate performance evaluation, and as a management tool to objectively identify people's performance levels.

53. In the second area of past major criticisms - laborious grievance and rebuttal procedures - the findings indicated much less of a problem. The JIU sample of 100 contained no rebuttal cases, which is not surprising when everyone gets at least "good" ratings. The Inspector therefore examined the past four years of rebuttal proceedings in UNOG, from 1989 to 1993 (complete 1992 data was not available and was therefore excluded).

54. During this four-year period there were only 38 rebuttals of performance ratings out of a total of more than 2,300 completed performance evaluation reports, which amounts to about 1.6 per cent a year. Almost half the cases came from a single service, with many of the rest from only a few other services, suggesting that there is considerable unevenness in performance ratings from service to service. Although supervisors complain about time-consuming rebuttal procedures, most cases did not take much time. Of 13 cases examined further, five took from one to three years to settle, three from half-a-year to one year, and five took two to four months. Eight led to better ratings, while in five cases no change was made.

55. The major flaw of the existing performance evaluation system, the inflated ratings, was accompanied by other negative impressions from the JIU sample. The Inspector noted, as have others:

(a) the very generalized and subjective categories assessed, such as "quantity of work","competence", or "ability to negotiate;

(b) the small space allotted for substantive comments, and the vague and often careless nature of comments made;

(c) the failure to explicitly assess the work the staff member states that he or she did, and to consider it specifically in the ratings given;

(d) the erratic pattern and infrequency of ratings overall, and the lack of evidence of quality control to ensure that the reports are even prepared as and when required;

(e) ambiguous comments about dialogue between staff member and reporting officer, leading to doubt both as to frequency and quality of any discussions held; and

(f) the sheer impossibility of objectively comparing staff performances for promotion and placement purposes in light of the sweeping performance "categories" and the very generalized statements about work done.

56. The present system thus seems very much to deserve the criticisms that have been levelled at it over the years. It is intended to be the centrepiece of efforts to ensure high-quality work throughout the organization and serve as the basis for critical personnel decisions on how best to use staff resources, recognize merit, and deal with poor performance. At present, however, it is a very weak management tool.

C. General Assembly pressure

57. While Secretariat actions to improve the performance evaluation system stopped in 1984, the General Assembly was only beginning to issue strong calls for reform. In 1986 the "Group of 18" high-level intergovernmental experts who reviewed the functioning of the United Nations concluded that personnel policy and management had suffered, that human resource management should improve, and that personnel management must be based on clear, coherent and transparent rules. More specifically, they recommended that:

"The Secretary-General should include in his annual reports to the General Assembly on personnel questions a section related to the ratings of the performance of staff and their promotion. The system of performance evaluation should be improved by introducing an element of comparison in the rating of staff." [31]

58. In April 1989 the Secretary-General responded that the performance evaluation system was being reviewed with the aid of outside experts, taking into account the experience of other United Nations agencies. He stated that an improved system was expected to be implemented in 1990.[32]

59. In December 1989 the General Assembly requested the Secretary-General to complete his efforts to develop a comprehensive career development plan for all staff that:

"allows for fair and transparent post-bidding throughout the Secretariat..., ensures adequate, equitable and transparent promotion procedures and recognizes merit through a rational performance evaluation and reporting system."[33]

60. In 1990, the Secretary-General reported that recommendation 50 of the "Group of 18" experts was being implemented through a new performance evaluation system. The new system would be pilot-tested in 1990 and, after appropriate staff-management consultations, introduced in 1991. He also stated that it would include an overall numerical rating that would permit direct comparisons in the rating of staff.[34] However, the Secretariat took no further action until the current reform effort began during 1993.

61. During the 1988-1992 period, the General Assembly also called on ICSC on several occasions for more analytical work in the area of performance appraisal and management:

(a) In 1988 (resolution 43/226, section I.3) it called for enhancing productivity through incentives for merit coupled with less financial reward for longevity and linked to a more rigorous performance appraisal system, and for ICSC review of within-grade increases given without rigorous performance appraisal;

(b) in 1989 (resolution 44/198, section I.F) it invited ICSC to review performance evaluation systems in all organizations of the system to ensure that they were objective and transparent, and to tie within-grade increments and promotions to merit as indicated in the performance appraisal report, rather than primarily to longevity;

(c) in 1991 (resolution 46/191) it invited the Commission to pursue as a matter of priority its review of merit systems and performance appraisal as a vehicle for enhancing productivity and cost-effectiveness; and

(d) in 1992 (resolution 47/216, section VII) it singled out performance management as a subject for ICSC study as part of measures designed to promote sound personnel management.[35]

62. The Secretary-General has also cited the need for major changes in personnel management and processes during the last two years.

(a) In November 1992 he told the Fifth Committee that the Organization had "been operating in slow motion", and required "fundamental changes in the present outmoded system of personnel management". [36]

(b) He told a staff-management committee in September 1993 that staff are the United Nations' "most precious asset", and that they need a system of "purposeful performance evaluation" to achieve a modern, well-managed civil service which can offer good career prospects to high-quality, motivated staff. [37]

(c) In November 1993 he established a new placement and promotion system "to increase the transparency of the placement and promotion processes, which should reward staff for competence, creativity, versatility and, increasingly, mobility", and promised that policies would be constantly reviewed and enhanced. [38]

(d) In May 1994 he announced a reorganization of the Department of Administration and Management (DAM), including the need to enhance management functions, policy control and reforms to strengthen key personnel functions. [39]

63. In April 1993 the General Assembly urged the Secretary-General to:

> "undertake without delay a complete review of the performance evaluation system currently in use in the Secretariat, in consultation with the International Civil Service Commission as appropriate, with a view to developing it into an effective system that accurately assesses staff performance and improves staff accountability as part of the career development system;
> [It also requested him to] ...ensure that for those staff members whose performance evaluations consistently show poor levels of performance, procedures outlined in staff regulation 9.1(a) are effectively applied" [this regulation deals with termination inter alia for unsatisfactory service].[40]

64. Finally, the Assembly reiterated in May 1993 its request of December 1992 that the Secretary-General establish a system of responsibility and accountability of programme managers and report therein to the Assembly at its forty-eighth session.[41] However, the Committee for Programme and Coordination (CPC) concluded that the Secretary-General's report of October 1993[42] only deferred action, rather than dealing with the establishment of a transparent and effective system to make programme managers accountable for their actions.

65. The CPC insisted on compliance and recommended that the system should be implemented no later than 1 January 1995.[43] This was endorsed by the General Assembly, leading to the decisive actions called for in the quotation in the first paragraph of this report.

IV. THE PROPOSED NEW SECRETARIAT SYSTEM

66. In mid-1993 the head of the Department of Administration and Management (DAM), when asked about the existing system in an interview with a staff journal, stated that:

> "The performance evaluation system absolutely must be changed. I can't even find a polite word to describe it. It's an insult to both the people rating and the people being rated."[44]

67. Once again the Secretariat prepared an extensive analysis of performance appraisal practice in other organizations. Once again the proposal was presented to the Staff-Management Co-ordination Committee. Unlike the situation in 1987, however, and probably due to the determined pressure of the General Assembly resolutions and the Secretary-General's calls for change mentioned previously, a task force reached agreement on a new system in the fall of 1993.

68. In February 1994 the Under-Secretary-General informed heads of departments and offices of the plans for introducing a new performance evaluation system. An attached proposal from the task force emphasized an "overwhelming consensus" that the existing system is not working and "is no longer acceptable to anyone". It stated that:

> "Managers find it:
> --a meaningless chore which obliges them to give inflated evaluations either to avoid confrontation or the lengthy rebuttal system;
> --an inadequate tool for performance management;
> --lacking any guiding standards for the written narrative required to accompany ratings.
>
> Staff find it:
> --based on standards and expectations of which they are not made aware;
> --an insufficient instrument for providing performance feedback;
> --a poor measure of their performance as no real distinction is made between excellent and poor performers.
>
> The Administration finds it:
> --of limited usefulness as a measure of performance for comparative purposes;
> --a poor - although essential - basis for a number of personnel decisions/administrative actions;
> --lacking an assessment of managerial performance/not providing for management accountability;
> too often resulting in costly, time-consuming and counterproductive rebuttal procedures." [45]

69. As of June 1994, an informal Secretariat task force had made considerable progress toward a new Performance Appraisal System, despite working within existing resources and in addition to their existing duties. They had developed draft system guidelines and a training strategy and discussed the new system with staff representatives. Following pilot testing in seven Secretariat units in late summer and in the fall, they planned further review, evaluation, and consultation, followed by a progress report to senior management and the General Assembly. After final review and consultations, they planned for comprehensive training of all staff in December, prior to full implementation of the new system in January.

70. The system which the Inspector discussed with Secretariat officials in June 1994 is of course subject to change. However, it will be clearly and significantly different from the failed systems of the past, both in concept and in application. Draft system guidelines established in June emphasize that the principal purpose of the new system is objectives-based performance assessment, as a tool to improve organizational performance and the ability of individuals and units to fulfil their work plans. It is, however, only one of a number of Secretariat management systems (some of which are still incomplete or yet to be developed) for effective management of human and other resources, including mission and objectives statements, unit work plans, human resources management, and career development.

71. The new system calls for establishing performance objectives in advance and improving supervisor/staff communications through regular performance discussions and feedback. It stresses the importance of involving staff in developing performance agreements and assessing their own performance. It emphasizes as well enhancing teamwork, holding managers accountable for results, using measurable and objective performance standards, and analyzing and documenting performance to aid various personnel actions.

72. Technically, all staff will follow the same annual rating cycle, essentially on a calendar-year basis. Five ratings categories are planned, with very few staff in the highest or lowest category and the vast majority of staff in the middle:

Rating 1. Consistently exceeds objectives (5 per cent of staff);
Rating 2. Frequently exceeds objectives (10-15 per cent of staff);
Rating 3. Fully meets objectives (65 per cent of staff);
Rating 4. Meets most objectives (but needs improvement) (10-15 per cent of staff);
Rating 5. Meets few objectives (unsatisfactory) (5 per cent of staff).

73. At the beginning of the year, the staff member and the supervisor will establish critical performance objectives, actions to implement them, standards, and estimated time and resources required. They will discuss, adjust, and review them during the year, and then prepare a collaborative performance assessment summary at year end. (In addition, managers/supervisors must establish objectives for their own managerial performance). Departmental review groups and a high-level management review panel will seek to ensure that consistent and equitable standards are applied throughout the Secretariat.

74. These concepts seem quite reasonable, particularly since they are generally in accord with the guidelines established by ICSC and the positive recent experience of performance appraisal systems in other agencies such as UNICEF, UNDP, UNFPA, and WMO. The challenge, of course, is to effectively develop, introduce, and then steadily improve these concepts as a transparent and objective performance appraisal and performance management system which will help the United Nations become a visibly "high-performance" organization.

V. REQUIREMENTS FOR SUCCESSFUL IMPLEMENTATION OF THE NEW SYSTEM

75. The United Nations Secretariat has thousands of creative, dedicated staff, from the lowest-level clerks to senior officials, who work as best they can to carry out the programmes entrusted to the Organization by Member States. Because financial resources are so tight, and because the programmes and activities are increasingly urgent, life-and-death operations carried out worldwide, these hard-working staff are critical to the Organization's successful achievement of its objectives. Yet these staff presently receive little recognition for their hard work over the years, beyond regular salary step increases for longevity and occasional promotions.

76. The Secretariat also has other staff (their numbers are unknown, but vary from "a few bad eggs" to "many", depending on who is making the "guesstimate"). These staff, also ranging from the lowest level clerks to senior officials, stare at the wall, attend long meetings that go nowhere, carry out meaningless "paper-pushing" or "supervisory" tasks, take long lunch breaks, or simply "go home early." Like the staff above, these staff also get regular salary step increases for longevity and occasional promotions over the years until they retire. Unfortunately, this group has received considerable negative and unwelcome media attention during the past few years, while the top performers and hard-working staff go largely unnoticed.

77. The Secretariat presently lacks the accountability and performance evaluation systems needed to convincingly refute allegations about the predominance of "deadwood" and incompetent staff, and to encourage and motivate its top performers. Five times before the Secretariat has tried and failed to improve its performance evaluation system with reforms that did not succeed (1977 and 1983), with minor adjustments where major ones were needed (1984), and with attempts that never even reached the action stage (1987 and 1989-1990).

78. Much time has been lost in maintaining these unsuccessful performance evaluation systems over the past two decades. This time, the Secretariat must succeed, as a critical step to ensure future organizational success and credibility. In this concluding Chapter, the Inspector presents recommendations on oversight of the new system and on three sets of three factors each that he believes must be addressed to successfully establish the new Performance Appraisal System: (a) fundamental prerequisites; (b) important elements required to launch and implement the system; and (c) critical barriers to system installation and ways to overcome them.

A. Fundamental prerequisites

1. Broader accountability and responsibility system: Management and organizational culture

79. The ICSC report of June 1993 emphasized that:

> "no matter how well conceived a performance appraisal and recognition system is, it will be effective only if it is introduced in a performance-related culture or environment."[46]

80. The ICSC went on to state that if an organization had a malfunctioning and/or discredited performance appraisal system, turning it around would be no easy task. Quick fixes will not work: adjustments, sometimes painful, must be made in the way work is done. An organization:

> "must be firmly committed to a fundamental change in the way it values and recognizes performance...The key is to have a clear strategy and timetable for putting in place an effective performance management system."[47]

81. The documentation in the preceding Chapters demonstrates that the United Nations indeed has a discredited system, and a heavy reform task before it. The firm insistence of the General Assembly on establishing a "transparent and effective" system of accountability and responsibility" no later than 1 January 1995 is also a clear reminder that the Secretariat presently does not have a larger performance-related framework.

82. The major reorganization of the Department of Administration and Management that the Secretary-General announced in May 1994 strongly emphasized a structure to allow formulation of integrated, strategic objectives for the Organization, and, in the personnel area, to launch long-overdue reforms.[48] Actions are now needed to bring these policy intentions to life. Establishing this broader system of accountability and responsibility, throughout the entire Secretariat, and an ongoing strategic planning and reform process and mechanism, is a critical task. It is needed not just as part of a supportive managerial and human resources management framework for a strong Secretariat performance evaluation system, but to enhance overall United Nations effectiveness and success in the future.

83. Two recent JIU reports outline some key issues involved. A May 1994 report on women's advancement in the Secretariat argues that this process, like good performance evaluation, cannot occur without an effective human resources management system. This requires shifting Secretariat functions away from old personnel routines and toward dynamic human resources planning and management, with a particular emphasis on strengthening OHRM managerial, planning and analytical capacities, and on much more transparent and substantive reporting and accountability to governing bodies for personnel reforms and progress. [49]

84. The second JIU report, on accountability and oversight in the United Nations Secretariat, was issued in September 1993. The Inspectors found serious deficiencies in existing oversight, accountability, internal control and management improvement processes. They urged the provision of adequate resources to properly support accountability and oversight requirements and bring measurable gains in Secretariat efficiency and effectiveness, rather than any attempts to try to establish accountability and oversight controls "on the cheap." [50] The Secretary-General subsequently consolidated existing internal oversight units in a new Office of Inspections and Investigations (OII), but further actions remain under discussion.

85. The JIU is currently completing a related review of accountability and oversight throughout the United Nations system, which is expected to be issued in the fall of 1994. It focuses on internal oversight and management improvement units, controls, and programmes; interagency activities; external system-wide oversight bodies; and the oversight roles of governing bodies. The Inspectors believe that there are some quite significant initiatives and fresh thinking underway at various points in the system on these issues. They hope that the JIU survey will help underline both the critical importance of

effective accountability and oversight processes to future organizational success and the importance of dynamic leadership to develop these processes in an integrated, sustained fashion in each organization.

86. One other important, specific weakness of the present Secretariat organizational culture must be noted: the lack of a career development system. Creation of such a system has been awaited ever since 1978, and the General Assembly called for completion of its development in 1989. However, a 1992 Secretariat report noted that, while career development was "indispensable", it was necessary "to recast the whole concept... if a viable career development system was to be established." The report proposed a few "pilot projects" as part of a longer-term future effort.[51] A progress report is scheduled for 1994. Meanwhile, career development continues as an idea that is often invoked but never implemented. The result is ineffective use of Secretariat human resources and poor support for the new performance evaluation system.

87. The new Secretariat performance appraisal system will therefore make its appearance in the midst of an organizational culture that is still poorly equipped to support it, and burdened by cynicism toward the old performance evaluation process that it will replace.

88. The Inspector is encouraged, however, by the progress that the Secretariat is making in developing the new "transparent and effective system of accountability and responsibility" that the Assembly has called for by January 1995. His discussions with Secretariat officials indicated that the report to the General Assembly in the fall of 1994 will include a comprehensive and integrated framework for a system of accountability, responsibility, and authority throughout the Secretariat, together with guidance, procedures, training, new mechanisms, and other specific actions being completed, now underway, or being launched to bring this system into being.

89. The success of the new performance appraisal system is critically dependent on this accountability and responsibility framework, and on the creation of a performance-oriented management and organizational culture. The Inspector therefore recommends that the Secretary-General and the senior officials comprising the new Advisory Panel on Management and Finance closely monitor the new accountability and responsibility system's implementation, not only for its own sake but as essential underpinning for successful implementation of the new performance appraisal system.

90. The Inspector also recommends that the General Assembly monitor the new system carefully as well, for two key reasons. First, the General Assembly, having provided the decisive pressure since 1986 which has now led to reform of the performance evaluation process and establishment of the new accountability and responsibility system, needs to follow carefully the initial stages of implementation of these systems to ensure that its expectations are being fulfilled and a strong and progressive new "high-performance" organizational climate is being created.

91. Second, the "Group of 18" experts stressed in 1986 that the efficiency of the United Nations depends on Secretariat performance and staff quality, and that personnel decisions should not be influenced by political and other pressures exerted by external authorities. Instead, they stated that Secretariat personnel management should be based on a healthy institutional climate, respect for the Secretary-General's responsibilities and prerogatives, and the Charter principles of the highest standards of efficiency, competence,

and integrity[52] . Having strongly emphasized the need for the Secretariat to develop a transparent and objective performance-based appraisal system, Member States need to work with the Secretariat to ensure that the new system will function properly and openly, without outside interventions or pressures on behalf of individual staff members.

2. Top leadership and management commitment and support

92. The June 1993 ICSC report emphasized, as a major element in the commitment to, and achievement of, properly functioning performance appraisal systems that:

> "The management of the organization must be convinced, and must convince others, that the time, effort and money involved will yield dividends, far beyond the initial outlay, in terms of increased productivity and improved morale. The question should not be: can we afford this, but can we afford not to have it?...
> [The ICSC also emphasized that the systems need]... A stronger focus on the importance of a performance-related management environment in which senior management sets the tone in reinforcing the credibility of performance appraisal and management."[53]

93. The preceding Chapters have cited the almost total lack of credibility and respect for existing performance evaluation processes throughout the Secretariat. To change this highly negative attitude, the Inspector recommends that the Secretary-General and senior officials make very clear their commitment to the new system and to its complete and proper implementation. A Secretary-General's Bulletin and routine implementing instructions will not suffice. This means that the Secretary-General and senior officials, particularly those participating in the new Advisory Panel on Management and Finance but Secretariat-wide as well, must make every effort to ensure that staff understand the nature, objectives, and requirements of the new system as it is introduced.

94. More importantly, however, they need to demonstrate their own visible commitment and actions to support all required actions promptly and properly as the new system moves through its various development and implementation stages. This joint effort should be much easier since the old disorderly system of ratings several years apart and triggered by a variety of different events will now be replaced by a system in which all staff are engaged in the same phases of the process at the same time. At each stage, however, the actions taken and examples set by top management and department heads will be essential factors in establishing the credibility of the new system.

3. Critical role of managers/supervisors

95. The new system will change the role of managers and supervisors throughout the Secretariat in several significant ways. First, managers/supervisors will have a central role in implementing the key requirements and phases of the new system and establishing the intended "performance culture" and results-oriented teamwork throughout the Secretariat. They must work closely with staff in the difficult task of advance planning of performance expectations and standards, providing interim feedback and dialogue during the annual cycle, preparing end-of-cycle assessments of achievement of the pre-set objectives, and discussing results and ratings with the staff in much more of a two-way process than in the

past. The effectiveness and discipline with which they perform these complex tasks will be very important to system success.

96. Second, the recent interagency discussions in CCAQ have emphasized that performance evaluation of the managers' own performance as managers, i.e. the tasks outlined above, is important. CCAQ stated that rigorous performance appraisal of managers is the critical element of performance management, and that any decision on performance-related pay, contractual status, promotion, and training and development must be based upon performance appraisal.[54]

97. Along these same lines, the Secretary-General emphasized recently that staff are the "most precious asset" of the United Nations,[55] and the General Assembly stressed that the new accountability and responsibility system should ensure "that programme managers are accountable for the effective management of the personnel and financial resources allocated to them." [56]

98. Managerial performance is also central to the unfinished tasks of introducing career development and proper human resources management in the Secretariat. An organization must plan how best to develop and deploy its human resources, organize the work flexibly, and provide challenging and rewarding jobs. This requires not only a human resources department, but managers organization-wide who can plan and manage the entire cycle of work force planning, recruitment and placement, performance evaluation, rewards and sanctions, and training and development. The United Nations has much work to do to ensure that its organizational culture and managers are fully capable of performing in this way.

99. The Secretariat draft guidelines for the new performance appraisal system respond quite positively to the above points. They state that the new system will provide the means by which supervisors can be held accountable for their management of resources, and that the way they organize the work of their units and appraise the performance of their staff will be a significant factor in their own performance ratings, especially since performance assessment is one of the principal responsibilities of a supervisor.

100. The Inspector was concerned at one aspect of the new system, however. The General Assembly specified that the new system shall provide:

> "performance evaluation for all officials, including senior officials, with objectives and performance indicators..."[57]

101. The new performance appraisal system will cover all longer-term General Service and related categories, Professional staff, and Director (D-1s), as did the previous system. The new system will expand to include D-2 level Directors, but it will not include Assistant-Secretary-Generals and Under-Secretary-Generals. Secretariat officials explained that these most senior officials are considered to be in many respects "political appointees" and subject to close personal supervision by the Secretary-General.

102. Even if the General Assembly accepts the Secretariat's contention that "all officials" does not mean all officials, the Inspector is concerned that this separate treatment undermines the credibility of the new system, and frees the most senior officials from the transparent accountability processes to be applied to all other staff. If performance appraisal of these officials is to be kept apart, it seems at the very least that the process,

mechanisms and standards by which their performance will be assessed should be made explicit.

B. Key implementation elements

1. Mandates, mission statements, work programmes, and standards

103. The most daunting technical task given to the Secretariat by the General Assembly under the new accountability and responsibility system is

> "(a) the establishment of clear responsibility for programme delivery, including performance indicators as a measure of quality control;...
>
> (c) performance evaluation for all officials, including senior officials, with objectives and performance indicators." [58]

104. This is a major challenge for the best prepared and most up-to-date of organizations. It will be very difficult for the United Nations Secretariat given the above obstacles. It is, however, essential for the establishment of sound performance evaluation and performance management: how can people be held accountable for their individual performance if their work unit is not clear about its work objectives and the strategies and actions to be applied to achieve them?

105. JIU did a detailed study almost two decades ago on the importance of work plans to "operationalize" broad programmes in terms of individual staff contributions to programme performance. [59] This idea is currently receiving renewed attention in the organizations, as they realize that organizational effectiveness and future success require strategic planning, flexibility, and foresight. The JIU system-wide report on accountability and oversight will explore this idea and initiatives underway in the system. A Work Planning Task Force in UNDP, for instance, has found that the planning process should include:

- -- goals and objectives for obtaining the organization's vision, presented as a Strategic Plan;
- -- biennial management objectives for major units to operationalize this Strategic Plan;
- -- a biennial budget and annual Unit Work Plans based on the management objectives;
- -- Individual Work Plans, based on the Unit Work Plans, which would be included in Staff Performance Plans, as part of the human resources management process.

106. Another important way of viewing this hierarchy of relationships is from the bottom up rather than the top down, as a set of performance management responsibilities moving up the organizational chain. Performance evaluation concerns the tasks, objectives, responsibilities, and accomplishments of individuals. But their work must also be assessed as that of a team working together to achieve group goals. Groups then work in combination to achieve programme performance goals (the area covered by internal evaluation reviews in many system organizations). Programme performance itself is then aggregated to assess the overall performance of the organization.

107. The United Nations, however, presently has serious problems in three major areas. First, although medium-term plans are "the principal policy directive" of the United Nations,

the Advisory Committee on Administrative and Budgetary Questions noted in 1990 (as has JIU) that much needed to be done to make the plan really useful, that evaluation was largely not integrated into the process, and that programme performance reports were of little use. [60] The Secretariat has also searched for a decade for new budgetary processes to replace the existing, complex programme budget formats which are intended to provide a control tool for programme implementation. A group of experts convened by the Secretary-General in 1993 agreed that "much more time is spent on reviewing plans and budgets than on implementation and evaluation", and that "This imbalance needs to be corrected." [61] Programme planning and budgeting thus continue to be ineffective frameworks for proper Secretariat accountability and oversight.

108. Second, JIU has long urged the Secretariat to develop workload analysis, time-limited objectives, work programmes, and achievement indicators. The General Assembly has sought the same objective in recent years, regularly urging the Secretariat to develop workload analysis techniques. In response, the Secretariat has provided a few reluctant reports on possibilities in this area. In 1992, the General Assembly stated much more emphatically that "workload standards and other management techniques which are of crucial importance" remain unutilized and should be developed. [62] At present, however, this basic prerequisite for work-based performance planning and subsequent performance evaluation remains very much underdeveloped.

109. Third, people cannot fairly be held accountable for something until their responsibilities have first been specified. The "Group of 18" experts stressed the importance of clear, coherent and transparent rules to guide staff conduct in their 1986 report.[63] The Secretariat promised, and sought for several years, to develop a simplified, more "user-friendly" personnel manual, but it has not completed this task because of a lack of resources. Similarly, the existing United Nations code of conduct, intended to "guide staff in their daily work", was issued in 1954 but has never been updated. At this level, too, much work is needed to clarify staff tasks and responsibilities as part of an effective performance evaluation (and accountability and responsibility) system.

110. The Inspector was encouraged to learn that the new system of accountability and responsibility will address many of the broader management planning and responsibility gaps cited above. In addition, the new performance appraisal system emphasizes the need to link office mandates and missions with strategic and operational objectives, which lead to work programmes, which lead in turn to performance agreements with staff which include objectives, implementation actions, and performance standards. However, making this structure operational, and applying meaningful performance standards or dimensions, will be a very demanding task which must be carried out in a determined and sustained manner throughout the entire Secretariat. This is already being addressed in other organizations such as UNDP, through articulation of the Organization's mission, goals, and work plans, as mentioned above.

111. The Inspector therefore recommends that the Secretary-General translate his vision for the Secretariat into a clearly articulated statement of missions, goals and objectives. This would obviously be based on the principles and purposes of the Charter, General Assembly mandates and resolutions, and on past and present initiatives including the "Agenda for Peace; "Agenda for Development" and attempts underway to improve and reform management. Such a statement will have to be shared with the staff and ultimately earn their commitment and support. It will help establish an integrated system linking mandates, mission objectives, work plans and individual tasks and performances. The

Performance Appraisal System would fit within this framework as an important management tool.

2. Ratings, comparisons, rewards, and sanctions

112. As noted throughout this report, the greatest operational flaw of past and present performance evaluation systems in the Secretariat is their willingness to allow almost all staff to be considered "excellent" or "very good". Rewards and sanctions are the actions which make performance evaluation a meaningful tool, both to improve organizational performance and to recognize staff excellence or correct staff performance problems. Under the present system of "good ratings for all" these motivators have been almost nonexistent, but their use is essential to give credibility and effectiveness to the new performance appraisal system.

113. The need for improvement in this area is clear-cut. The "Group of 18" experts recommended in 1986 that "the system of performance evaluation should be improved by introducing an element of comparison in the rating of staff".[64] The General Assembly emphasized in 1989 that the career development system should be one that "recognizes merit through a rational performance evaluation and reporting system".[65] The ICSC also concluded in June 1993 that a major new element for properly functioning performance evaluation systems is "stronger insistence on the need for objective and rigorous appraisal of performance at all levels." [66]

114. As already mentioned, the new Secretariat performance appraisal system should respond to these concerns. It will provide five ratings categories, with very few staff in the highest or lowest levels and the vast majority of staff in the middle. All staff will be rated according to the same annual cycle, and departmental and high-level review groups will seek to ensure that consistent and equitable training standards are applied throughout the Secretariat.

115. However, the Inspector believes that special attention is needed to performance appraisal for new, probationary staff. The proposed new system does not yet address this issue, but the present system provides that probationary staff be rated annually versus every three years for most permanent or long-term staff. Now that all longer-term staff will be rated every year, the Inspector believes that new staff should be rated two or three times a year for the first year or two of service. Their supervisors could thus assess their contributions and performance much more carefully. Supervisors who rate more frequently could also ensure that they provide proper coaching and counselling and pay closer attention to the needs and progress of the new staff, in order to make their on-the-job training experience as relevant and productive as possible. Contracts of those who continue to be rated as less than fully satisfactory should not be renewed.

116. The most important rewards for staff are found in placement and promotion decisions. The 1989 General Assembly resolution on establishing a comprehensive career development plan said that it should be one that:

> "allows for fair and transparent post-bidding throughout the Secretariat...ensures adequate equitable and transparent promotion procedures and recognizes merit through a rational performance evaluation and reporting system." [67]

117. In November 1993 the Secretary-General announced impressive new guidance on placement and promotion. It states that unprecedented demands on the United Nations require a system that "can fill vacancies with the best qualified candidates with a minimum of delay", consistent with full and fair consideration of all staff. The new system's purpose:

> "is to increase the transparency of the placement and promotion processes, which should reward staff for competence, creativity, versatility and, increasingly, mobility."[68]

118. Although the new system is only beginning to be implemented, its emphasis on merit is encouraging. It also seems to provide a strong shift away from past policies which emphasized seniority. Under the new system, while there are still certain minimum seniority requirements for promotion, seniority is only one of about fifteen specific qualification elements to be considered.[69] Unfortunately, however, the present forms for assessment of candidates for promotion contain almost no reference to their most recent performance evaluation reports (because the "good" ratings for almost all staff render these reports largely useless). The new system will of course not produce performance evaluations until the end of the first annual performance evaluation cycle. At that time, however, it is essential that the new performance evaluation system become the central documentary input to the new "merit" system, as called for by the General Assembly in 1989.

119. Beyond placement and promotion, the ICSC and other organizations of the United Nations system are giving increasing attention to the thorny but important issues of performance pay and other reward/recognition issues.[70] However, because of the complexity of such processes, and all the fundamental obstacles which the new United Nations performance evaluation system must overcome before establishing itself within the new system of accountability and responsibility, the Inspector believes that the United Nations should deal with this issue at a later date. The new Secretariat system must prove that it can walk before it tries to run.

120. The General Assembly has recently been concerned with performance sanctions. This seems appropriate. The ICSC noted in 1993, based on its comprehensive review of system organizations' performance management systems, not only that withholding of within-grade salary increments is rare or non-existent, but that "termination for unsatisfactory performance is virtually unheard of."[71] In April 1993 the General Assembly called on the Secretary-General to:

> "...ensure that for those staff members whose performance evaluations consistently show poor levels of performance, procedures outlined in staff regulation 9.1(a) are effectively applied" [this regulation deals with termination of appointments for, inter alia, unsatisfactory service].[72]

121. Under the current system, staff with long-term contracts might well continue on for 10 years or longer before a repeated pattern of poor performance could be established. Under the new annual ratings, this period can be reduced to about three years. The Inspector agrees that negative sanctions must be applied if the new system is to have credibility. Some high-performance management consulting firms, law firms, and diplomatic and military services have "up or out" policies which gradually weed out all but the most highly competent staff. In comparison, a United Nations policy which will terminate that

small proportion of staff with several consecutive years of unsatisfactory performance seems quite justified as a minimal performance sanction. As the ICSC has observed:

> "If it is demotivating for staff to see meritorious performance go unrecognized, it is equally demoralizing if apparently known cases of poor performance are not dealt with appropriately. Not only does this situation generate cynicism about how the organization values performance; it tends to contribute to egregious over-rating for, if poorly performing staff are rated "satisfactory", a skewed sense of justice dictates that satisfactorily performing staff must be adjudged "very good". "Very good" rapidly becomes the minimum acceptable norm and anything less is considered a negative rating. Hence the situation develops where the large majority of staff are rated above average, and the performance appraisal and rating system loses credibility."[73]

122. As discussed in Chapter III, a major concern with the existing performance evaluation system has been grievances and time-consuming rebuttals of performance reports. Although almost everyone got "good" ratings, a number of Secretariat officials cited cases in which staff filed rebuttals after receiving only one "very good" rating instead of all "excellents."

123. However, the JIU sample showed that while rebuttals do occur and can be tedious, they amounted to only about 1.6 percent of the total performance ratings made in Geneva in recent years. The Inspector was told that the new UNDP performance appraisal review system has produced only about 0.3 percent rebuttals out of some 8,000 ratings prepared, with half of these concerning narrative comments made rather than the actual rating given. He hopes that the new Secretariat system will produce equally positive results. The rebuttal right is extremely important, but it should not be constantly invoked or abused. ICSC's "Principle 11" for performance appraisal and management seems to strike the right balance:

> "There should be an automatic process for review and approval of performance ratings but performance ratings <u>per se</u> should not normally be rebuttable or subject to grievances. At the same time, it is important to ensure that the staff member's right to due process is protected in cases of alleged discrimination or non-compliance with established procedures."[74]

3. <u>Performance management and responsibility for system implementation</u>

124. The last key element required for successful implementation of the new performance appraisal system is essential to support all those listed above: responsibility for system implementation and continuous improvement, including analysis, oversight, and reporting to the General Assembly. The starting point of the recent ICSC analyses is that measuring a staff member's performance accurately and objectively is only the first part of the task. Full performance management then requires using that information to enhance individual and organizational effectiveness.[75]

125. A major reason for the ultimate uselessness of the existing performance evaluation system is that no one has ever truly been in charge of determining whether it was functioning effectively. Guidance for the existing performance evaluation system states that:

"The Office of Personnel Services [now OHRM] will monitor the operation of the reporting system to ensure that it is applied effectively and to determine whether any changes may be required further to improve the system."[76]

126. As discussed in the preceding Chapters, however, this strong statement turned out to be totally hollow, as deficiencies were widely recognized but not acted upon. In fact, those in charge of the system were essentially lower-level personnel officers and to a lesser extent departmental executive officers in the various duty stations. But their responsibilities appear to have been quite discretionary: it was fine if they wanted to conscientiously attempt to ensure system implementation, but it was also acceptable if they did not.

127. The Inspector noted instances of another kind of imbalance, in which personnel officers, at perhaps the P.4 grade, tried to get programme managers or executive officers, at perhaps the D-2 level, to carry out their responsibilities for performance evaluation reporting. It is not surprising that these lower-level officers were ignored, but it is disappointing that senior departmental and personnel officials did not back them up.

128. This problem of non-enforcement continues today. A December 1993 set of implementing guidelines for the new placement and promotion system states that:

"Experience gained to date indicates that not having up-to-date performance evaluation reports has been one of the main reasons for difficulties and delay in the review of placement and promotion cases... It is therefore of utmost importance that EO/LPO [executive officers/local personnel officers] systematically initiate and monitor the preparation of Performance Evaluation Reports. They should ensure that supervisors fulfil their responsibilities of completing these Reports on time. Failure by supervisors to do so will reflect on the performance of their supervisory responsibilities." [77]

129. This 1993 control statement sounds as hollow as the 1984 "...will monitor...to ensure...applied effectively" statement at the beginning of this section, especially since it again places the burden on dozens of lower-level professional staff, rather than enlisting departmental managers and senior officials to ensure compliance. The statement does, however, underscore the importance of ensuring that the new performance evaluation system will be firmly implemented and overseen. The General Assembly clearly expects this. Its December 1993 resolution states that the new accountability and responsibility system shall include "...a mechanism ensuring that programme managers are accountable for the effective management of the personnel and financial resources allocated to them." [78]

130. The new system will not only be critically important in attempting to change the United Nations organizational culture toward a firm emphasis on performance and results, dialogue, and work planning. It will also be a big and cumbersome system to operate, with some 14,000 performance appraisals to be prepared every year, along with the associated stages of setting objectives, interim dialogue, and review. At the moment, however, this massive and essential task is being handled by an informal task force of OHRM staff, all of whom have many other duties.

131. The argument is always made that DAM is too overloaded with work to release any staff for new assignments, such as overseeing the new performance appraisal system on a fulltime basis. However, the argument can legitimately be made that the new performance evaluation system is even more significant in its impact on United Nations operational performance than, say, the Integrated Information Management System (IMIS).

The IMIS system's first phase has been underway for some six years and continues on toward its rather narrow objective of becoming a step toward electronic integration of Secretariat administrative offices. The point here, however, is not so much the more than $45 million spent or and budgeted for IMIS thus far, but the project team, which presently includes 17 professional staff.[79]

132. The Inspector believes that, this time, responsibility for the performance appraisal and performance management system must be clearly assigned to a specific unit within OHRM, with close involvement of the head of the Office and senior management levels when necessary. This unit must have the resources and the authority to oversee system operation, ensure that required actions are promptly carried out by those responsible, provide necessary support and training or re-training, and analyze and report on system progress, problems, and improvements. Without such continuing responsibility and attention, the new system will become as useless as its predecessors.

133. As emphasized throughout this report, the new United Nations performance appraisal system is not just a matter of filling out forms. Regarding the system as mere paperwork has led to the five past failures to reform it. Instead, performance appraisal and management represent a central element of the new accountability and responsibility system. They are also an absolutely essential tool for establishing a new organizational climate which will enable the entire United Nations Secretariat and its worldwide programmes to become a "high-performance" organization.

134. To realize these important objectives, the new system cannot be left as an additional duty to be carried out by an informal group of already overworked OHRM staff. It should be formally established, staffed, planned, supported, and further developed as the essential, high-priority management project that it truly is. The assignment of fulltime staff and resources should not only occur now to permit proper system establishment and the extensive training that is required, but to perform the ongoing performance management tasks that will be required to continually adjust and improve the system in the future.

135. As a final step to provide oversight and control of the new performance evaluation system, the Inspector believes that an earlier, now forgotten, General Assembly resolution must be resurrected. The "Group of 18" experts recommended (and the General Assembly endorsed) in 1986 that

> "The Secretary-General should include in his annual reports to the General Assembly on personnel questions a section related to the ratings of the performance of staff and their promotion." [80]

136. The Inspector recommends that this procedure be reintroduced for the new system, either in the biennial human resources report which JIU recommended in its report on women's advancement,[81] or in the existing annual report of the Secretary-General on the composition of the Secretariat. Such reporting, if substantively and analytically prepared, would provide an essential oversight component to allow the Secretary-General and the General Assembly to determine that the new performance evaluation system is progressing toward the "transparent and effective system" that the General Assembly resolution of December 1993, which initiated this report, calls for.

C. Constraints and adjustments

1. Training

137. The new accountability and responsibility system and performance management responsibilities of managers/supervisors noted above already appear promising for the new performance appraisal system. A major stumbling block to introduction of the new system, however, is the training aspect.

138. The OHRM task force planned to provide training for the seven units in the pilot performance appraisal projects in June and July, but performance appraisal training for the vast majority of Secretariat staff would have to be pushed into December, following the review, analysis and adjustment processes subsequent to the pilot tests. This creates extreme pressure because thousands of staff would be trained just weeks before the new system is to go into effect. Even worse, there is no extra funding available presently available for such training, so that Secretariat officials have been considering such stop-gap strategies as training trainers, using videotapes, or satellite transmission to try to reach as many as people as quickly as possible and still meet the 1 January 1995 deadline for system operation.

139. The ICSC principles emphasize that "the purposes of performance appraisal should be clearly understood by all concerned"[82]. In recent years, CCAQ and ICSC have developed training modules for performance evaluation, [83] and organizations that have reformed their systems, such as UNICEF, UNDP and UNFPA have also placed particular importance on this aspect of system introduction. WMO engaged a private professional firm to train its supervisors and staff in the application of its new system in 1993, especially on how to set specific and measurable tasks, enhance communication, and maintain dialogue between supervisors and staff. The ICSC has stated bluntly that "No system should be introduced without an organization-wide training effort."[84] And UNICEF officials told the Inspector that a major reason why their earlier performance evaluation system failed in 1983 was insufficient training of staff and supervisors to use the system properly.

140. The United Nations is especially handicapped in this area because it has only very recently begun a broad management training programme, and funding limitations restrict the speed with which it can extend this training to all staff. The new training system has begun with management seminars for approximately 200 senior managers during 1993 and 1994. But it will clearly take years before management training can be established to enable all staff to firmly understand and support a "performance culture" in the Secretariat. In this regard, an additional training obligation exists, since the General Assembly also called for the system of accountability and responsibility to include "effective training of staff in financial and management responsibilities." [85]

141. In light of the critical importance of careful training for all staff as shown by ICSC analyses and the recent experience of other agencies, the Inspector believes that the present training schedule puts far too much pressure on an already complex and major organizational change.

2. Timing

142. The ICSC has stressed that no matter how good an organization's performance appraisal concept may be, it will be effective only if it is introduced in a performance-related culture. This requires staff understanding of organizational goals and values, a mission statement as a basis for strategic planning, strong and explicit leadership support for the new system, and willingness to commit the necessary resources -- money, time and effort -- to achieve the broader management reforms needed to support a performance management system, and to train staff in the system itself.[86]

143. As noted above, the Secretariat is developing the new accountability and responsibility system concurrently with the new performance appraisal system. Important components will not be ready, or understood and established, by the 1 January 1995 date when the new performance appraisal system is scheduled to begin operation. There is also much work to be done to establish human resources management and a career development system within the Secretariat.

144. Because the management training system of the Secretariat is still at a very early stage, performance appraisal training would clearly have to be rushed if it is to be completed by December 1994. An equally integral component of the new system - performance indicators, or standards, or dimensions - also needs a great deal of work and thoughtful integration into the overall Secretariat management framework. As discussed in section C., development and proper application of such measures throughout an organization is a difficult and demanding task. The Secretariat is presently not ready for this challenge.

145. The Inspector understands the pressure from CPC and the General Assembly to introduce the new systems within a very tight deadline. The Secretariat has been postponing action on these matters for years, and operational performance demands on the Secretariat have never been higher. JIU has also been calling for many of the same types of management reforms and initiatives for more than a decade. But the actions already taken by the Secretariat during 1994 do seem to indicate both a new commitment and a much more serious effort to establish an accountable and high-performance Secretariat than have existed in the past.

146. Secretariat officials are prepared to implement the new performance appraisal system by 1 January 1995 if they must. But the Inspector believes that to do so would greatly jeopardize the entire effort. Not only are the requisite support systems not yet available, but the new system must overcome the heavy scepticism and cynicism generated by the prior systems.

147. The Inspector therefore recommends that instead of full and hurried installation of the new performance appraisal system by 1 January 1995, with its much higher risks of failure, 1995 be regarded as a transitional year in which the Secretariat gets some much-needed breathing room to establish the system on as firm a basis of understanding and acceptance as possible. As the ICSC has further emphasized:

> "If an organization has a malfunctioning and/or discredited performance appraisal system, turning it around is no easy task: it cannot be accomplished overnight or without making adjustments, sometimes painful, in the way that things are currently

done. Experience has also shown that quick fixes and partial solutions simply do not work: an organization must be firmly committed to a fundamental change in the way it values and recognizes performance."[87]

3. Resources

148. More time is necessary but not sufficient, especially for the extensive performance appraisal training needed throughout the Secretariat. This training, like all training, is an investment in human resources. It should reflect a firm belief that the effort and funds expended will, as the ICSC states, convince the organization and others that it "will yield dividends, far beyond the initial outlay, in terms of increased productivity and improved morale."[88]

149. The new performance appraisal system requires money. This is a painful topic when the United Nations has just struggled after many years to finally establish a basic management training programme, when financial stringency is already severe, and when so many mandates are assigned to the Secretariat for implementation "within existing resources." The new performance appraisal system, however, requires several million dollars, primarily for training but including some management and analytical work to replace the present ad hoc efforts of the informal task force. The difficulty of finding additional funds is even greater because of the development of the new system of accountability and responsibility, with its new demands on management resources and efforts.

150. The Inspector would hope that the reasoning outlined in this Chapter, and the positive experience of other organizations of the United Nations system with their performance appraisal reforms, can encourage a financial commitment by Member States to support the new Secretariat system that they have called for with additional regular budget funding or with trust fund support. However, he has also identified another area which can provide quite significant funding for performance appraisal training (or subsequent training money and/or cost savings), while at the same time firmly supporting merit principles and incentives under the new performance appraisal system.

151. Most Secretariat staff receive only a very few promotions during the course of their careers. Almost all staff, however, get a "reward" each year in the form of a within-grade salary increment. For instance, there are 14 salary steps for a P-4 First Officer, 12 for a Field Service FS-6 staff member, and 9 to 14 steps for General Service staff depending on grade and duty station.

152. These annual salary increments were designed as a reward for good performance; if withheld, they should provide a real incentive for staff to improve.[89] However, since almost all Secretariat staff receive "good" ratings (as discussed in Chapter III) these increments have come to be regarded as quasi-entitlements, and they are rarely withheld. Since they amount on average to about $1,000 per year per person and apply to some 12,000 to 14,000 Secretariat staff members, they cost Member States about $12 to $14 million dollars a year.

153. The ICSC and CCAQ have noted that the existing pay scale in the United Nations system, with its annual increments, in effect rewards seniority, not merit.[90] In addition, the General Assembly has twice asked the ICSC to review within-grade salary increments to ensure that they are tied to rigorous performance appraisal and merit rather than serving as a financial reward for longevity.[91] ICSC has urged that existing provisions for salary

increments should be applied more rigorously, and has also observed that within-grade increments are not very effective as merit awards:

(a) the increment is a permanent advancement in salary based on only one year's good performance;

(b) the increments increase pension costs (which are not supposed to be performance-related);

(c) they push staff rapidly to the top of a grade, thereby aggravating career stagnation and distorting relative salaries;

(d) their motivational impact is further diluted because they are paid out in small monthly amounts.[92]

154. The Inspector believes that the millions of dollars currently expended every year on mechanical within-grade salary increments for almost all staff should be replaced by a system which properly awards such increases only in recognition of fully satisfactory performance and above, as originally intended.

155. The most obvious change required is that staff whose performance is not fully satisfactory (the basic requirement for awarding the increment in the first place) will not receive within-grade salary increments. Under the new performance appraisal system, this would involve 15 to 20 percent of staff. The Inspector therefore recommends that within-grade salary increments under the new performance appraisal system be denied to staff who have less than fully satisfactory ratings. This change would thus save roughly $1.8 to $2.8 million dollars every year (15 to 20 percent of 12,000 to 14,000 staff at $1,000 each).

156. If the General Assembly would agree to make 1995 a transition year for the new performance appraisal system, it would produce staff ratings only at the end of 1996. In order to help provide the training funds urgently needed now to properly implement the new performance appraisal system, the Inspector further recommends that during this interim two-year period between the old and new systems the Secretary-General and the General Assembly consider making a decision that all eligible staff receive only biennial increments (half of the staff in the first year, half in the second), which would free $6 to $7 million per year during this period. (This is admittedly unfair to top and satisfactory performers, but in that respect it is little different than the existing system. In addition, the Secretariat already requires a biennial period for within-grade increments in higher-level steps in the Professional and Field Service grades, regardless of performance).

157. The above total amounts (of about $6 to $7 million a year in 1995 and 1996 and from $1.8 to $2.8 million in subsequent years) would be much better applied to (a) training staff in the new performance appraisal system, (b) for priority management development and skills training in general, and (c) eventually for performance awards or cost savings as training needs diminish, instead of being spent on the almost invisible but very expensive present system of within-grade salary increments. These funds would provide the critical resources needed now to bring the new performance appraisal system to life, underscore the establishment of a performance culture in the Secretariat, and strengthen the financial commitment to human resources development which has been lacking for so long.

158. The Inspector believes that other organizations of the United Nations system should also consider applying this resource redeployment/cost savings approach in the context of their performance appraisal and performance management systems.

Notes

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9. "Background information to document ICSC/37/R.15: Summary of practices in selected outside employers".

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11. "Appraisal and recognition of performance: Note by the Secretariat of the International Civil Service Commission", document ICSC/38/R.16 of 22 June 1993, para. 10.

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34. "Analytical report of the Secretary-General on the implementation of General Assembly resolution 41/213", document A/45/226 of 27 April 1990, para. 188.

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64. Ibid., recommendation 50.

65. "Personnel questions," resolution 44/185, op. cit., Section A., para. 7.

66. "Appraisal and recognition of performance...", ICSC/38/R.16, op. cit., para. 10 (c).

67. "Personnel questions", resolution 44/185, op. cit., Part A., para. 7.

68. "Placement and promotion", ST/SGB/267, op.cit.

69. "Placement and promotion", ST/AI/390, op.cit., para. 12.

70. "Appraisal and recognition of performance...", ICSC/37/R.15, op. cit., paras. 52-73, and "Appraisal and recognition of performance...", ICSC/38/R.16, op. cit., paras. 44-92.

71. "Appraisal and recognition of performance...", ICSC/37/R.15, op.cit., para. 38.

72. "Personnel questions", resolution 47/226, op. cit., Section I.B, para.7.

73. "Appraisal and recognition of performance", ICSC/38/R.16, op.cit., para. 84.

74. "Performance management...", ICSC/40/R.12, op.cit., Appendix, para. 25.

75. "Appraisal and recognition of performance...", ICSC/37/R.15, op.cit., para. 1.

76. "Performance evaluation report system", Administrative Instruction ST/AI/240/Rev. 2, op. cit., para. 19.

77. "Guidelines to Departments/Offices on the implementation of the placement and promotion system", 2 December 1993, para. 5.

78. "Review of the efficiency of the administrative and financial functioning...", resolution 48/218, op. cit., Section I.E., para. 5 (b).

79. "Proposed programme budget for the biennium 1994-1995: Part XI. Capital expenditures: Section 29., Technological innovations", document A/48/6 (Sect. 29) of 12 October 1993.

80. Report of the group of high-level intergovernmental experts..., A/41/49, op. cit., recommendation 50.

81. "Advancement of the status of women", JIU/REP/94/3, op. cit., Executive Summary.

82. "Performance management", ICSC/40/R.12, op. cit., Principle 3.

83. "Report of the seventeenth session of the Sub-Committee on Staff Training", CCAQ, document ACC/1993/PER/R.15 of 2 June 1993, paras. 15-17 and Annex V, and
"Appraisal and recognition of performance: Note by the Secretariat of the ICSC", document ICSC/38/R.16/Add. 1 of 8 June 1993.

84. "Appraisal and recognition of performance", ICSC/38/R.16, op.cit., para. 19(b).

85. "Review of the efficiency of the administrative and financial functioning...", resolution 48/218, op. cit., Section I.E., para. 5 (d).

86. "Appraisal and recognition of performance...", ICSC/38/R.16. op.cit., para. 3.

87. Ibid., para. 4.

88. Ibid.

89. "Appraisal and recognition of performance...", ICSC/37/R.15, op.cit., para. 69.

90. "Performance management," ICSC/40/R.12, op.cit., para. 23, and
"The structure of the salary scale: Note by the CCAQ Secretariat", ACC/1991 PER/R.7 of 19 February 1992.

91. "Appraisal and recognition of performance..." ICSC/38/R.16, op.cit., Annex I.

92. "Performance management...", ICSC/40/R/12, op.cit., paras. 31-32.

ANNEX

UNITED NATIONS NATIONS UNIES

PERFORMANCE EVALUATION REPORT

Before filling out the report, please read the attached guidelines (P.91/A) and refer to Administrative Instruction ST/AI/240/Rev.1

SECTION I – *To be completed by the Executive Officer*

NAME (Last, first, middle)	ENTRY DATE OF UN SERVICE	TYPE OF APPOINTMENT

FUNCTIONAL TITLE	IN THIS FUNCTION SINCE

DEPARTMENT OR OFFICE/BUREAU OR DIVISION/SECTION/UNIT

CATEGORY AND LEVEL	AT THIS LEVEL SINCE	PERIOD COVERED BY THIS REPORT

SECTION II

PART A – *To be completed by the staff member*

1. Describe the main assignments you have accomplished during the reporting period:

2. Indicate any training undertaken during the reporting period, including type and duration:

3. Indicate what guidance and counselling you have received in the performance of your duties:

Date and initials:

PART B – *To be completed by the first reporting officer*

1. If you deem it appropriate, give your comments or clarification on the staff member's statements in part A above:

2. Indicate to what extent you have discussed with the staff member his/her performance during the reporting period:

ANNEX (continued)

SECTION III - *To be completed by the first reporting officer*

In assessing the staff member's performance below, please bear in mind the staff member's level of duties and responsibilities so as not to judge him/her by inappropriate standards or by personality traits unrelated to his/her work.

Every 'A' or 'F' rating must be supplemented by a statement under "Comments", giving an explanation or examples illustrative of the rating. A report will not be considered complete unless such comments are given in respect of each 'A' or 'F' rating.

RATINGS: A: Excellent; B: Very Good; C: Good; D: Fair; E: Somewhat below standard; F: Unsatisfactory.
ENTER IN THE COLUMN BELOW THE RATING WHICH MOST NEARLY DESCRIBES THE STAFF MEMBER'S PERFORMANCE.

	RATING	Specially important	Relevant	Not applicable	COMMENTS
1. Competence (knowledge and skills the staff member possesses in his/her field of work).					
2. Quality of work accomplished.					
3. Quantity of work accomplished.					
4. Ability to meet schedules and deadlines when required; skilful use of time and resources to achieve maximum efficiency.					
5. Initiative (demonstrated aptitude to produce new ideas and/or bring about constructive innovation).					
6. Ability to work independently or with minimal supervision.					
7. Effectiveness in maintaining harmonious working relations.					
8. Sense of responsibility and dependability as regards working hours.					

ANNEX (continued)

- 3 -

	RATING	Specially important	Relevant	Not applicable	COMMENTS
9. Effectiveness in planning and organization of work.					
10. Skill in producing a solution (ability to identify problems, power of analysis and soundness of recommendations and decisions).					
11. Ability to negotiate and persuade.					
12. Effectiveness in supervision (ability to motivate, maintain and direct a productive work unit). Indicate below the number and level of staff under his/her supervision:					
(NOT APPLICABLE TO LANGUAGE STAFF) 13. Written and oral expression in working language(s) (ability to communicate in a clear, concise and effective manner). If the staff member works in more than one language, rate each separately by entering the rating followed by the initial of each language in parentheses.	Written Oral				
LANGUAGE STAFF ONLY 14. i. Linguistic knowledge and ability in official languages. ii. Accuracy and style. Note: Rate each language separately by entering the rating followed by the initial of each language in parentheses.					

15. Comment on the staff member's attitude to the United Nations.

16. Indicate any assignment(s) which the staff member performed in a particularly effective way.

Signature: _____

Date: Name and Title: _____

ANNEX (continued)

SECTION IV - *To be completed by the second reporting officer*

A. Before completing this section, please discuss the staff member's performance with the first reporting officer and, if you deem it necessary, with the staff member. If discussion with the first reporting officer cannot be held, please give an explanation.

B. Keeping in mind the requirements of the post, please check one of the following statements describing the staff member's performance.

1. ☐ AN EXCELLENT PERFORMANCE 2. ☐ A VERY GOOD PERFORMANCE 3. ☐ A GOOD PERFORMANCE

4. ☐ FAIR 5. ☐ A PERFORMANCE THAT DOES NOT FULLY MEET STANDARDS 6. ☐ AN UNSATISFACTORY PERFORMANCE

Should you have checked statement 1 or 6 above, please elaborate. Otherwise comments are optional.

C. If you disagree with the first reporting officer's evaluation in section III, give your comments:

Signature: _____

Date: Name and Title:

SECTION V

This section is to be completed by the head of the department or office or a director designated by him/her. *(The making of comments under (ii) is optional).*

(i) I take note of this report. ☐ *(Place a check mark here)*

(ii) My comments are as follows:

Signature: _____

Date: Name and Title:

SECTION VI

After the sections above have been completed, the staff member must sign the original of the report and be given a copy thereof. The signature merely acknowledges that the staff member has read the report and received a copy; it does not necessarily indicate agreement with the evaluations contained in this report.

I have read this report and received a copy thereof. I understand that I may, if I wish, submit a written explanation or rebuttal within one month of receipt of this report in accordance with administrative instruction ST/AI/240/Rev.1.

Date: _____ Signature of staff member: _____

NB: If a rebuttal is submitted, this report must not be filed in the Official Status File until such time as the rebuttal procedure is completed (see ST/AI/240/Rev. 1, para. 12).

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/219/Add.1
31 October 1994

ORIGINAL: ENGLISH

Forty-ninth session
Agenda items 105 and 113 (d)

REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

HUMAN RESOURCES MANAGEMENT: OTHER HUMAN RESOURCES QUESTIONS

Towards a new system of performance appraisal in the United Nations Secretariat: requirements for successful implementation

Note by the Secretary-General

Addendum

The Secretary-General has the honour to submit to the General Assembly his comments on the report of the Joint Inspection Unit entitled "Towards a new system of performance appraisal in the United Nations Secretariat: requirements for successful implementation" (JIU/REP/94/5 and A/49/219, annex).

ANNEX

I. Comments of the Secretary-General

1. The report of the Joint Inspection Unit (JIU) entitled "Towards a new system of performance appraisal in the United Nations Secretariat: requirements for successful implementation" was prepared by Inspector Khalil Issa Othman in response to a request from the United Nations Secretariat, concerns expressed by Member States at the General Assembly in late 1993 and as a part of the Unit's continuing work on issues of accountability and oversight in the Secretariat and in the United Nations system. It presents an insightful assessment of the difficulties of introducing an effective performance appraisal system in the Secretariat and it also provides specific recommendations for its successful implementation.

2. The Secretary-General welcomes this initiative and considers the report of JIU on the topic very timely and valuable. The report covers effectively the relevant historical background a well as the current state of the United Nations system as a whole in the area of performance evaluation.

II. Comments on the recommendations

Recommendation 1

3. The Secretary-General is in agreement with this recommendation. In fact, the establishment of an internal monitoring system is an integral component of the performance appraisal system. With regard to the linkage of the system to the new accountability and responsibility system (A/49/219, annex, para. 89), the report of the Secretary-General entitled "Establishment of a transparent and effective system of accountability and responsibility" (A/C.5/49/1), indicates the important relationship between a performance-oriented organizational culture and the performance appraisal system. The Secretary-General also agrees to report on the progress of the system to the General Assembly on a regular basis (A/49/219, annex, paras. 135 and 136).

Recommendation 2

4. (a) It is well understood that the implementation and development of any performance appraisal system must have a support structure consisting of, at the minimum, an organizational culture that is conductive to performance-based management, career development and a transparent system of rewards and recognition. It is recognized that the proposed performance appraisal system is to be implemented without an equivalent support system. The Secretary-General is, therefore, implementing concurrently the system of accountability and responsibility and is committed to a fundamental change in the way the Organization values and recognizes performance.

(b) The report of JIU raises a crucial issue of "top management" commitment and support. There is no doubt that, without such commitment and support, there will be no possibility of implementing the performance appraisal

system. The implementation strategy will incorporate ways to ensure highly visible and continuous support from senior management.

(c) The report of the Secretary-General on accountability and responsibility (A/C.5/49/1) addresses the issue of the establishment of a mechanism to ensure accountability for the effective management of the personnel and financial resources allocated to them. Through the ongoing comprehensive management development programme and the specific training activities relating to the performance appraisal system, intensive efforts are being made to train managers, supervisors and staff in articulating objectives, formulating performance indicators and work plans.

Recommendation 3

5. (a) Through the ongoing pilot testing, it is already known that the task of establishing an integrated system linking mandates, objectives, strategies, work programmes and individual staff performance agreements and standards is one major challenge in implementing the new performance appraisal system. Never before has the Secretariat faced such a fundamental directional change, i.e., from a day-to-day work driven Organization without clear performance standards to an Organization with clear objectives, defined accountability and performance agreements. Commitment by senior management to articulate a mission statement is an essential basis for the implementation of the performance appraisal system.

(b) No matter how the performance appraisal system is perfected, the system is useless if its users do not handle it with proper understanding and care. One important task to be performed by a monitoring mechanism is to oversee whether or not the system is discriminating between different levels of performance of staff and recognizing high performers. It is also intended to make the system a truly integral part of human resources management, and it should be used as a crucial basis for administrative decisions, including decisions on contract (especially extension, five-year review and conversion), placement, promotion and all matters relating to career development.

(c) The Secretary-General agrees with this recommendation and notes that in his report entitled "A strategy for the management of the human resources of the Organization" (A/C.5/49/5), supplementary resources have been proposed for the implementation of the new performance appraisal system.

Recommendation 4

6. The Secretary-General also concurs with recommendation 4 as it relates to the need for strengthening training for the new performance appraisal system, and to making 1995 a transitional year for the new system. The Secretary-General believes, however, that the proposal to divert salary increments to finance training would have a detrimental impact on staff morale and productivity.